
The Compliance Connection

State Corporation Commission - Bureau of Financial Institutions
Regulatory News for Virginia Mortgage and Consumer Finance Licensees

JANUARY 1998



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Richmond, VA 23218**

About the Newsletter:

This publication is part of the Bureau's efforts to improve communication with the companies we regulate. It is distributed to Virginia mortgage, consumer finance and industrial loan licensees and other interested persons. We encourage you to read each newsletter and distribute the information to all staff members. We welcome your comments and suggestions.



**Happy New Year from the
Bureau of Financial
Institutions!!!**

Mortgage Orientation Program:

The next session of the Bureau's Mortgage Orientation Program is scheduled for Friday, February 20, 1998 from 9:30 a.m. to 4:30 p.m. Companies who were licensed during October, November and December, 1997 will be receiving letters providing details of the program and a registration form to be completed by the officer who plans to attend the session. Licensees who were licensed prior to October, 1997 may register for the orientation, if space is available. The program will include an introduction of key Bureau staff, a review of annual reporting and assessment requirements, complaint resolution procedures, application procedures and requirements, examination process and examination response procedures, and an overview of pertinent statutes, rules and regulations.

NOTICE: Annual Report of Mortgage Lenders/Brokers Due March 1, 1998

By now, all licensees operating under the Virginia Mortgage Lender and Broker Act should have received the "1997 Annual Report of Mortgage Lenders and Brokers" from the Bureau of Financial Institutions. If you have not received it, please call Rosa Lewis at (804) 371-9371 and request the form. It is very important licensees complete and return the "1997 Annual Report of Mortgage Lenders and Brokers" in advance of the March 1, 1998 deadline. **Failure to file the report by that date could result in a fine or revocation of your license.** If you have any questions in reference to completing the form, please call Bob Mednikov at (804) 371-9692.

TIPS FOR COMPLETING THE MORTGAGE ANNUAL REPORT:

- ◆ Report only brokered loans in Section II of the form. In Section III, report loans where the licensee acted as the lender. A licensee cannot act as the broker and the lender on the same loan!
- ◆ Report only data for Virginia owner occupied residential mortgage loans. Do not include investment, commercial or mortgage loans secured by property not located in Virginia.
- ◆ Complete the affidavit on Page 8 and have the Report notarized.
- ◆ File the licensee's year - end 1997 financial statements (audited, if available) with your annual report. If the company's financial statements are not ready when you complete the Report, send in the Report with a cover letter stating the financial statements will be sent as soon as they are available. Please do not delay sending in your completed annual report.

SCC's Website "www.state.va.us/scc"

...check it out!

Consumer Finance Licensees:

Annual Report: The "Annual Report of a Consumer Finance Company" was mailed on December 18, 1997 and must be filed by **April 1, 1998**. If you have not received a copy of the Report, contact Rosa Lewis at (804) 371 - 9371. Any questions concerning the filing of this Report should be addressed to Karen Sullivan at (804) 371 - 9372. (continued on Page 3)

Consumer Finance Licensees: (continued from Page 2)

DMV Charges on Renewed Loans: When renewing loans secured by motor vehicle(s), please be aware the collection of a DMV fee to re-record the lien on the motor vehicle is deemed by the Bureau to be an unnecessary charge. The collection of this fee for re-recording will be cited as a violation and licensees will be required to reimburse the fee (plus interest) to the borrower.

Reduction of Interest Rates:

--When a judgment is obtained on a small loan, the interest rate must be reduced to the interest rate awarded by the court (as shown on the warrant in debt) or 9% per year, whichever is greater. Reference §6.1-330.54 of the Virginia Code.

--When a loan is unpaid six months after the maturity date (taking into account any deferments) the interest rate must be reduced to 6% per year. Reference §6.1-276 of the Virginia Code.

--When a borrower (or co-borrower) file for Chapter 7 bankruptcy, the interest rate must be reduced to 6% per year 90 days after the date of the bankruptcy, unless the borrower has reaffirmed their obligation on the note (Reference Virginia Code §6.1-274). When there is a Chapter 13 bankruptcy, review the bankruptcy plan to determine the borrower's interest rate.

--Upon 90 days after the death of the borrower (or co-borrower) the interest rate on the remaining balance must be reduced to 6% per year (Reference Virginia Code §6.1-275).

License Update:

The following is a list of companies who have surrendered their license, had their license revoked, application denied or been fined by the Commission since June 1, 1997. We hope this will be helpful in keeping track of companies with whom you do business. Please remember that these lists are accurate as of December 1, 1997, so call the Bureau if you have a question concerning a recent denial, surrender or regulatory action taken by the Commission. **NOTE: Doing business with an unlicensed mortgage company is a violation of Administrative Rulings 1603 and 1605, which can result in regulatory action.**

MORTGAGE LICENSES SURRENDERED SINCE SEPTEMBER 1, 1997

ML - 192 HARBOURTON MORTGAGE CO., L.P. -
9/25/97

ML - 95 MONOGRAM HOME EQUITY
CORPORATION - 10/24/97

ML - 108 NORTH AMERICAN MORTGAGE
COMPANY - 10/30/97 EXEMPT DUE TO
PURCHASE BY DIME SAVINGS BANK OF
NEW YORK, FSB

MLB - 249 CHAMPION MORTGAGE CORPORATION
- 11/14/97 EXEMPT DUE TO PURCHASE BY
KEYBANK, USA, NA

MORTGAGE APPLICATIONS DENIED SINCE SEPTEMBER 1, 1997

NONE

(continued on next page)

MORTGAGE LICENSE REVOCATIONS SINCE SEPTEMBER 1, 1997

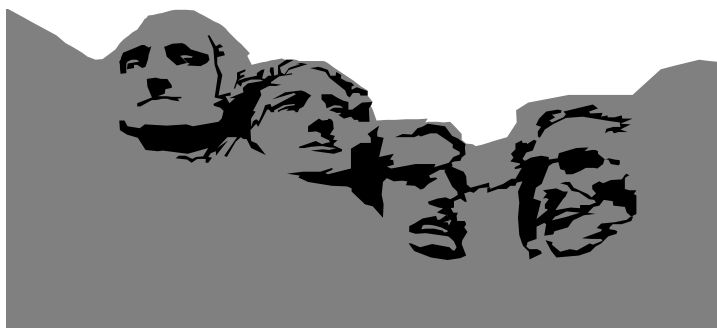
NONE

PENALTIES PAID BY MORTGAGE LICENSEES SINCE SEPTEMBER 1, 1997

ML - 205 GREEN TREE FINANCIAL SERVICING CORPORATION - 10/1/97 - PAID \$300 FOR RELOCATING AN OFFICE WITHOUT PRIOR APPROVAL AND CONDUCTING BUSINESS FROM AN UNLICENSED LOCATION

ML - 199 MORTGAGE LENDERS ASSOCIATION, INC. - 12/29/97 - PAID \$300 FOR FAILURE TO OBTAIN APPROVAL PRIOR TO OPENING TWO OFFICES

MLB - 136 LARRY F. PRATT - 12/29/97 - PAID \$500 FOR FAILURE TO OBTAIN APPROVAL PRIOR TO ACQUIRING THE STOCK OF FIRST SAVINGS MORTGAGE CORPORATION

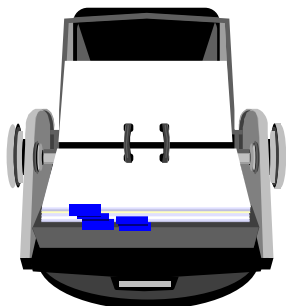


The offices of the State Corporation Commission will be closed on Monday, February 16, 1998, in observance of Presidents Day.

Important Commission Telephone Numbers:

Consumer Finance and Mortgage Section (examinations).....	(804) 371-9701
Corporate Structure and Research Section (licensing).....	(804) 371-9690
Consumer Complaints.....	(804) 371-9705
Bureau of Financial Institutions FAX NUMBER.....	(804) 371-9416
Bank and Thrift Supervision Section.....	(804) 371-9704
SCC Office of the Clerk (corporate information).....	(804) 371-9733
Bureau of Insurance.....	(804) 371-9741

Want to know how to contact the mortgage banker and/or mortgage broker associations? Here are their addresses and phone numbers:



◆ VIRGINIA ASSOCIATION OF MORTGAGE BROKERS:

Association Director -- Steve Baugher
P.O. Box 71197 Richmond, Virginia 23255
(804) 288 - 5544 FAX (804) 288 - 5559
FAX ON DEMAND SERVICE (888) 329 - 4414

◆ VIRGINIA MORTGAGE BANKER'S ASSOCIATION:

Executive Director -- Susan Allison
13651 Glendower Road, Midlothian, Virginia 23113
(804) 794 - 6814 FAX (804) 794 - 6819

◆ MORTGAGE BANKERS ASSOCIATION OF AMERICA:

1125 15th Street, NW, Washington, DC 20005
(202) 861 - 6500

◆ NATIONAL ASSOCIATION OF MORTGAGE BROKERS:

8201 Greensboro Drive, Suite 300, McLean, Virginia 22102
(703) 610 - 9009 FAX (703) 610 - 9005

◆ VIRGINIA FINANCIAL SERVICES ASSOCIATION:

President -- Jeff Smith
4900 Augusta Avenue, Suite 101, Richmond, Virginia 23230
(804) 353 - 2322 FAX (804) 355 - 8986

◆ VIRGINIA LENDER'S ASSOCIATION

Contact: George Murphy, The Murphy Companies
1870 Rocky Ford Road, Powhatan, Virginia 23139
(804) 598 - 8377 FAX (804) 598 - 8378



**Look for the next issue of The Compliance Connection in
March, 1998. Remember --previous issues of the
newsletter are available on our website.**

Bureau of Financial Institutions
State Corporation Commission
P.O. Box 640
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**IMPORTANT REGULATORY
INFORMATION ENCLOSED!!!**